

Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 EB-07 /018 W
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P 021617Z JUL 75

FM AMEMBASSY ASUNCION

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC PRIORITY 5217

AMEMBASSY BRASILIA PRIORITY

AMCONSUL RIO DE JANEIRO PRIORITY

LIMITED OFFICIAL USE ASUNCION 2561

USDOC

FOR MAJOR EXPORT PROJECTS DIVISION: DAVID LU

E.O. 11652: N/A

TAGS: ENRG, PA

SUBJECT: ITAIPU: MAJOR COMPONENTS OFFERS

1. BASED ON RUMORS TO THE EFFECT THAT EUROPEAN CONSORTIUM HEADED BY BROWN-BOVERI HAD CONVINCED ITAIPU BINATIONAL ENTITY TO INFORMALLY ACCEPT OFFER OF A PACKAGE DEAL FOR ALL MAJOR COMPONENTS OF HYDRO-ELECTRIC PROJECT AT ITAIPU, EMBOFF VISITED, JULY 2, DEBERNARDI, PARAGUAYAN EXECUTIVE DIRECTOR OF ITAIPU BINATIONAL ENTITY.
2. DEBERNARDI CONFIRMED RUMORS AND SAID THAT EUROPEAN CONSORTIUM HAD PRESENTED A VERY ATTRACTIVE OFFER WHICH INVOLVED FINANCING. HE CLAIMED, HOWEVER, THAT ITAIPU BINATIONAL ENTITY HAD NOT, REPEAT NOT, ACCEPTED THE OFFER. HE SAID THAT NO DECISION HAD BEEN REACHED YET ON THIS QUESTION.
3. DEBERNARDI SAID THAT HE UNDERSTOOD GENERAL ELECTRIC HAD SUCCEEDED IN ORGANIZING CONSORTIUM WITH CANADIAN AND SWEDISH PARTNERS AND EMPHASIZED THAT HE HAD BEEN INTERESTED IN SEEING SOMEONE FROM GENERAL ELECTRIC. HE STATED SPECIFICALLY THAT HE HAD BEEN TOLD THAT GENERAL ELECTRIC DID

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NOT BELIEVE THAT IT WAS WORTHWHILE BOTHERING TO COME TO

ASUNCION. HE TOLD ME THAT IF GE WAS SERIOUS ABOUT COMPETING FOR ANY PARTICIPATION IN THE ITAIPU PROJECT, THEY WOULD HAVE TO COME TO ASUNCION AND SEE HIM.

FYI. DEBERNARDI WAS CLEARLY ANNOYED BUT NOT ANGRY. WHAT HE SAID SHOULD BE TAKEN LITERALLY AND SERIOUSLY. END FYI.

4. AS EXAMPLE OF PARAGUAY'S DETERMINATION TO HAVE FULL SAY IN ALL DECISIONS REGARDING ITAIPU, DEBERNARDI CITED CURRENT REFUSAL OF PARAGUAYAN MEMBERS TO AGREE TO AWARD OF CONTRACT FOR DIVERSION CANAL TO BRAZILIAN CONTRACTORS WHO HAD REFUSED TO DEAL WITH PARAGUAYAN OFFICIALS. BECAUSE OF THIS FINAL DECISION ON THE DIVERSION CANAL CONTRACT HAS BEEN HELD IN SUSPENSE FOR ALMOST FOUR WEEKS. DEBERNARDI T EMPHASIZED THAT YESTERDAY AFTERNOON (JULY 1) BRAZILIANS HAD CAPITULATED AND AGREED TO DO THINGS "OUR WAY". DEBERNARDI CLEARLY RECOUNTED THIS INCIDENT AS OBJECT LESSON FOR POTENTIAL SUPPLIERS. HE SPECIFICALLY ASKED EMBOFF TO MAKE CERTAIN GE UNDERSTOOD THE SITUATION.

5. IF NO OBJECTION IS PERCEIVED, DEPARTMENT OF COMMERCE IS REQUESTED TO PASS THE SUBSTANCE OF THIS INFORMATION TO APPROPRIATE G.E. OFFICIALS. EMBASSY RECOMMENDS THAT ANY VISIT TO ASUNCION BE COORDINATED IN ADVANCE WITH EMBASSY.

LANDAU

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Message Attributes

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